

DEPARTMENT OF ECONOMIC DEVELOPMENT

SUMMARY FOR THE LEGISLATIVE FILE

ORDINANCE NO:

1440-2025

<u>Project Name:</u>	Erieview W Hotel-Loan Energy Improvement Special Assessment (PACE)
<u>Recipient:</u>	Erieview Tower Hotel, LLC, and/or designee
<u>Project Site:</u>	1301 E 9 th Street, Cleveland, Ohio 44114
<u>Project Manager:</u>	Robin Brown
<u>Ward/Councilperson:</u>	3 / Welch
<u>City Assistance:</u>	N/A-No financial incentive

Project Summary

The Erieview Tower project located at 1301 E 9th Street in Cleveland, Ohio is the conversion of a former office building constructed in 1964 into a mixed-use building with commercial space, multi-family housing, and hotel space. The PACE financing is focused on the hotel.

Erieview Developer, LLC will develop the Hotel Project, which includes a 210 key Marriott hotel managed by W Hotels on floors 5 – 11, lobby, ground floor restaurant, rooftop bar and restaurant, amenity and spa space on the 4th floor, and a 14,000 square foot ballroom. The project will create approximately 181 permanent FTE jobs.

The estimated cost of the PACE financing for the W Hotel is not expected to exceed \$35,573,516. For purposes of the initial ordinance, the financing is for 30 years, interest rate is based on the 10-year UST + 275 bps. The rate will float until locked 15 days prior to closing with a floor of 6.50%. Interest will be calculated on an actual/360-day convention. Under the proposed terms, Erieview Tower Hotel, LLC will petition the City to implement an annual Special Assessment with a maximum amount equal to the debt service payment due on the Energy Loan, currently estimated at \$2,882,123/ year, exclusive of additional servicing fees imposed by the City and the County Fiscal Officer. The Special Assessment will be levied and collected in accordance with a semiannual payment schedule to be certified by the City to the County Fiscal Officer. The final amended interest rate and semi-annual payments will be certified to the City upon the closing of the transaction.

The PACE loan will finance acquisition, construction, installation, equipping, and improvements of the below:

- Lighting
- Building Envelope
- HVAC system controls
- Low flow plumbing fixtures

These improvements are designed as energy efficiency improvements to create energy efficiency savings greater than that required by basic building codes.